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OVERSEAS DIFFERENTIALS AND ALLOWANCES ACT

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Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany H.R. 7758]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 7758) to improve the administration of overseas activities of the Government of the United States, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

PURPOSE

The purpose of this bill is to improve and strengthen Government overseas activities by establishing a uniform system for compensating all Government employees in overseas posts irrespective of the agency by which they are employed. The bill would provide uniformity of treatment for all overseas employees to the extent justified by relative conditions of employment. Current applicable laws do not provide this uniformity. They authorize benefits for the employees of certain agencies, while the employees of other agencies are denied them because of the lack of statutory authority, even though the conditions of employment of the two groups are substantially the same.

Many of the provisions of H.R. 7758 are already authorized for certain agencies by the Foreign Service Act and by other legislation. These agencies, referred to here as foreign affairs agencies, are the Department of State, the U.S. Information Agency, the International Cooperation Administration, the Foreign Agricultural Service, the Federal Aviation Administration, and the Veterans' Administration.

Some of the provisions of this measure are also already authorized for all agencies. These provisions are repeated in this bill, sometimes with minor language changes, in order to clarify and consolidate exist-

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ing law and to make H.R. 7758 all-inclusive in the field of overseas differential and allowance payments.

Thus, the bill extends certain benefits now authorized only for the foreign affairs agencies to non-foreign-affairs agencies as well.

It adds a limited number of new benefits for all agencies.

It continues benefits now already authorized for all agencies by existing legislation.

STATEMENT

The provisions of H.R. 7758 are based on an official recommendation submitted by the Department of Defense as part of the President's legislative program in the 85th Congress.

Public hearings on this bill were held in the House last year and the bill passed on September 8, 1959.

The Senate held hearings on June 2, 1960. Favorable testimony was received from the Department of Defense, Department of State, Civil Service Commission, and representatives of employee groups. There was no adverse testimony from any source. The measure was developed as the result of studies by both the Senate and House Committees on Post Office and Civil Service, extending over a period of years and with the cooperation of the Department of Defense, the Department of State, and other agencies having an interest in the manifold problems involved.

The importance of sound and effective personnel policies in the conduct of our overseas programs is well recognized. The success of such programs depends largely upon the employees engaged in carrying them out. The effectiveness of their performance is directly related to the fairness and wisdom inherent in the policies under which personnel are employed.

To this end, this bill advances the recognized principle that is civilian employees should be adequately reimbursed for additional expenses necessarily incurred because of their overseas services; that they should be compensated for hardship, inconveniences, or other environmental and working conditions not encountered in the United States; and that, insofar as practicable, these overseas employees should be compensated upon the basis of the same criteria without regard to the identity of the employing Federal agency.

SUMMARY OF MAJOR PROVISIONS OF H.R. 7758

I. QUARTERS ALLOWANCE

1. The bill continues for all agencies present authority to provide overseas quarters or grant allowances in lieu of Government quarters (sec. 211).

Either a quarters allowance or free Government quarters are furnished to each American citizen civilian employee living in a foreign area by reason of his employment by the U.S. Government.

The quarters allowance is paid as a reimbursement of allowable costs incurred up to established ceilings.

It is not paid concurrently with temporary lodging allowance or travel per diem. Nor is it paid if free Government quarters are provided.

2. The bill extends to non-foreign-affairs agencies authority to pay temporary lodging allowance upon first arrival at new post (sec. 211).

This temporary lodging allowance would be given to help newly arrived employees defray expenses of hotel rooms while locating residence quarters and awaiting arrival of furniture.

It would be used only within the first 3 months after first arrival at a post, and it would not be paid concurrently with the quarters allowance or travel per diem, and expenses for meals are not included as part of it.

Posts are grouped into 15 classes varying with lodging costs at hotels used by Government employees. A maximum rate is set for each class. The amount paid is the actual cost or the maximum, whichever is less.

The temporary lodging allowance will cover only average prices for adequate but not luxurious accommodations, including lodging, heat, light, fuel, and water. It is allowed while the employee is locating and arranging for suitable quarters and awaiting the arrival of his furniture. Assurance has been given the committee that this policy will be spelled out in the administrative regulations governing such allowance.

Existing law provides that the amount paid as a temporary lodging allowance to employees of foreign affairs agencies may not exceed the amount of the per diem that would be allowable to the employee and his family if they were in travel status. This provision is omitted from H.R. 7758 for two reasons.

(a) Temporary lodging rates are established to cover only the cost of hotel rooms, whereas per diem rates cover this and the cost of meals as well. Per diem rates are therefore usually more than double temporary lodging allowance rates. By definition, in other words, the temporary lodging rate never exceeds the travel per diem otherwise allowable. Thus the present limitation never applies.

(b) Even if a ceiling were necessary, it is inequitable to base it on the per diem otherwise allowable because no per diem is authorized for families of employees of non-foreign-affairs agencies. For such an employee, if he had a large family, not even his room costs would be covered by the allowance.

The extension of the temporary lodging allowance so that it will be available to all employees who may be faced with heavy hotel expenses upon first arrival at a post is seen as a needed improvement. Morale suffers when two employees arrive at a post together, are booked into the same hotel, pay the same room rate, but receive a different allowance. At present the employee of a foreign affairs agency receives the temporary lodging allowance to defray his expenses, while the other employee receives the regular quarters allowance, which is much lower, since it is based upon the cost of a house or apartment and not upon the cost of a hotel room.

3. The bill adds for all agencies authority to pay temporary lodging allowances at the end of tour of duty (sec. 211).

This allowance would be identical with the present temporary lodging allowance authorized foreign affairs agencies, except that it would be paid for periods of up to 1 month at the end of a tour of duty, as opposed to the beginning of a tour.

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Generally, an employee moves to a hotel for a short period just prior to leaving his post. Thus he avoids another full month's rent and allows time for the completion of departure arrangements.

The right to a full month's temporary lodging allowance does not automatically follow from the receipt of transfer or separation orders. Only as much of the month will be allowed as is justified by the circumstances.

Employees are transferred at the convenience of the Government and are seldom able to control the timing of departure. It is viewed as unfair that employees should be put to the personal expense of the extra cost of hotel rooms when they vacate their privately leased quarters just prior to leaving the post. Sparing use of this payment is envisaged, since most employees will prefer not to move from regularly established quarters until the day of departure if it can be avoided. Regulations will spell out strict administration of this authority.

4. The bill extends to non-foreign-affairs agencies the authority to include water as a utility to be covered by the quarters allowance (sec. 211).

Existing law permits the quarters allowance to cover rent, heat, light, fuel, gas, and electricity. Foreign affairs agencies may include water in addition to the other utilities specified. This section of the bill extends such authority to all Government agencies.

This is an example of the small differences in the allowances authority among agencies. While water at most posts is not an expensive item, no reason for a difference in treatment among the agencies has been advanced.

5. The bill adds for all agencies the authority to reimburse employees for initial repairs to make substandard dwellings habitable (sec. 211).

The purpose of this allowance is to make substandard or uninhabitable dwellings suitable for occupancy.

At certain posts of assignment, habitable quarters are not obtainable unless the employee bears substantial costs for necessary basic repairs, alterations, and improvements.

It is not intended that the allowance cover any alteration which is not basic to making a dwelling habitable, such as redecorating. The Government agencies could require that the lease contain, whenever feasible, provisions permitting a change of lessees without change in other provisions of the lease in order that the quarters concerned could be made available to another employee in the event of the transfer or separation of the original tenant.

It is understood that appropriate regulations will be issued to provide that the total cost for an employee will not exceed his normal maximum authorized quarters allowance for 2 years.

The need to pay for initial repairs to make substandard quarters habitable is limited to a few areas of the world. These areas are characterized by a dearth of houses or apartments in reasonable repair and by a heavy influx of persons seeking housing. Army and Air Force personnel in provincial France, Spain, and Italy, and in cities such as Tokyo and Seoul have encountered these conditions.

Authority to reimburse employees for initial repairs would be utilized only in specific areas and for specific periods of time. For those

few employees affected, however, this authority would enable them to avoid the undesirable choice between living for 2 years in a house, say, without inside plumbing or spending large sums out-of-pocket to install such plumbing.

6. The bill extends to non-foreign-affairs agencies authority for advance payment of all allowances (sec. 202).

Authority for payment of quarters allowances in advance would be restricted to localities where local customs necessitate such advance payments and where the individual lessor requires it.

Employees granted advance payments are required to negotiate a minimum advance rental payment. Whenever possible, prepayment leases must contain a 30-day cancellation clause, provide for refund of the remaining portion of the prepaid rent in case of cancellation, and provide the privilege of subletting to another employee, as required.

Advance payment of quarters allowances may not be made for a period less than 3 months nor for more than 1 year unless specifically authorized by the Department. The maximum amounts that may be paid in advance for any given period may not exceed the annual rate of the authorized maximum quarters allowance, or the total rent cost for the period of the lease, whichever is less.

Authority to pay all allowances in advance appears in the general provisions of the bill, since existing law authorizes advance payment of all allowances of foreign affairs agencies. In practice, however, the foreign affairs agencies which now have this authority are using it only for making advance rent payments.

An advance of funds which is not subsequently covered by allowances accrued to the employee concerned will be recoverable by the Government. Recovery may be effected by setoff against salary, retirement credit, or other amount due from the Government.

The granting of quarters allowances in advance has been authorized by the Department of State during the past 3 years only for approximately 50 of its oversea posts. Efforts to hold the need for advances to a minimum have been reasonably successful. In those few areas where it has been determined that advance payments must be made in order to secure adequate housing, it is felt that all employees of the Government should have the privilege of drawing their quarters allowances in advance, there being no reason for different treatment of employees faced with the same problem.

Amortization of rental advances is effected by pay period. On the employee's separation or transfer from the post, the unliquidated portion of the advance must be repaid.

In a few instances in which substantial losses would have been suffered because of unusual circumstances such as the evacuation of Baghdad in July 1958, the Department of State has agreed to grant employees special allowances to relieve them of the loss incurred. The language of the measure as it passed the House appears to preclude such relief and to require that in all cases any advance not subsequently earned must be recovered from the employee. In order to provide needed flexibility and to prevent unwarranted hardship when the inability to earn the allowance necessary to repay the advance is not the fault of the employee, the committee recommends an amendment

consisting of the addition of the following provision at the end of section 202:

The head of the department concerned may, in accordance with regulations of the President, waive in whole or in part any right of recovery under this section, if it is shown that such recovery would be against equity and good conscience or against the public interest.

II. COST-OF-LIVING ALLOWANCES

1. The bill continues present authority for all agencies to pay post allowances to compensate for living costs higher than in Washington, D.C. (sec. 221).

The post allowance is a cost-of-living allowance paid to civilian employees assigned to foreign posts when the cost of living is substantially higher than in Washington.

No post allowances are paid to employees assigned to any post that does not exceed Washington costs by as much as 2½ percent. Determinations are based upon reports received from each post showing approximately 700 prices. Consideration is given to the amount of goods purchased from local markets, from commissaries when available, and to prices paid for goods shipped to the post at the time of assignment.

When all prices and necessary adjustments have been taken into consideration, any post allowance that is paid represents the amount necessary to enable the employee at the post to purchase with his salary and allowance goods and services equivalent to those he could purchase in Washington with his salary alone.

At approximately two-thirds of the posts in foreign areas, costs do not warrant post allowances.

The cost of living is surveyed at each foreign post at least annually, and rates are adjusted as indicated by the survey.

2. The bill continues for all agencies authority to pay a transfer allowance upon an employee's assignment to duty at any post in a foreign area and at a post in the United States between foreign assignments (sec. 221).

The transfer allowance is intended to reimburse partially an employee for the additional expense incurred because of the necessity for changing types of clothing, providing insurance on shipments of household goods, and replacing furniture and household equipment as necessary because of transfer to a new environment.

Transfer allowance payments range in size up to \$175, depending upon the size of the employee's family and the climatic zone to which an employee is transferred. At present, no payment is authorized for transfers which do not involve a change in climatic zone. Approximately two-thirds of all transfers fall in this nonpayment category.

A variation of the transfer allowance is payable upon transfer to a post in the continental United States between assignments to posts abroad. This allowance is referred to as the "home service transfer allowance."

3. The bill adds for all agencies the authority to pay the existing separate-maintenance allowance whenever the family must be main-

tained away from the post of assignment but remains within the country of assignment (sec. 221).

The separate-maintenance allowance is intended to assist an employee who is compelled—because of adverse living conditions at his post of assignment or for the convenience of the Government—to meet the additional expense of maintaining, elsewhere than at his post of assignment, his wife or his dependents, or both.

This provision of the bill consolidates, with one important change, the existing authority for Government agencies to pay separate maintenance allowances.

Existing law authorizes payment of the separate maintenance allowance when the family must be maintained elsewhere than in the country of assignment. This bill would change the word “country” to “post.” This change would permit payment of the separate-maintenance allowance when it is essential that the employee maintain his family away from his post of assignment, although not necessarily outside the country of assignment.

It is understood that this allowance would be rarely paid, since the conditions at a post compelling family separation and warranting an extra allowance payment seldom occur. When such conditions do occur, this allowance is extremely important if the employee is not to bear a heavy financial burden through no fault of his own.

The improvement that will be made by changing the word “country” to “post” is best illustrated by a large country such as India. Riots and strife could occur in Bombay, while Delhi would be extremely safe. With the revised wording of the law, it would not be necessary for the employee to send his family to another country for safety; he could send them to another post in the same country and retain his eligibility for the allowance.

4. The bill continues present authority for all agencies to provide an allowance to cover additional costs of securing adequate education of dependents (sec. 221).

Education allowances are granted only at those posts where the costs of adequate schooling in grades 1 through 12 are in excess of the costs that would be incurred for a child in a U.S. public school.

If adequate schools are available at the post, no allowance is established for a school away from the post.

If no adequate school exists at a post, an allowance rate is established that is based on the costs of attending the nearest and least expensive adequate school.

If a U.S. Military Dependents' School is available at a post, no education allowance is paid for a child to attend any other school in a foreign country, unless special circumstances of illness or distance prevent attendance.

5. The bill extends to non-foreign-affairs agencies authority to pay the travel expenses of dependents who are transported to and from the United States to obtain a secondary or undergraduate college education, not to exceed one trip each way for each dependent (sec. 221).

Payment of a child's travel expenses to the United States is authorized for the purpose of securing secondary schooling or college education. The travel may not exceed one trip each way for each child for the purpose of obtaining each type of education.

The first trip for obtaining a secondary or college education must originate outside the continental limits of the United States.

The child must have been abroad continuously not less than 45 days prior to the date he will commence travel to the United States. This 45-day requirement is not applicable when the child's transportation abroad within the 45-day period was not at Government expense.

Under existing law, foreign affairs agencies provide three choices to employees having high-school-age dependents:

(a) A child of high-school age may be entered in a secondary school in a foreign area and receive the applicable allowance; or

(b) The child may be sent to the United States for secondary education without entitlement to the allowance following his arrival; or

(c) The child may be sent to the United States for secondary education without the cost of the trip being paid for by the Government, but the employee would be entitled to the regularly prescribed allowance.

This provision of the bill consolidates the travel-payment authority granted under existing law and extends such travel-payment authority to those agencies not authorized to make such payments at the present time.

Extension to non-foreign-affairs agencies of the authority to pay costs of transporting employees' dependents to and from the United States to obtain an American secondary or undergraduate college education would remove an inequity in the treatment of employees serving at the same posts in foreign areas.

Existing law governing travel-payment expenses for the foreign affairs agencies differs slightly from the language of this act as passed by the House. Present authority to transport dependents for secondary and college education employs the phrase "travel expenses," authorizing the usual expenses of transportation, per diem, and related costs.

H.R. 7758 as it passed the House uses the phrase "the cost of transporting dependents," which would prevent payment of more than the actual air or ship fare.

Accordingly, the committee recommends that the bill be amended by the restoration of the phrase "travel expenses."

6. The bill adds for all agencies authority to pay education allowances on behalf of dependents who were transported to the United States for educational purposes, provided that such allowances are not paid during the 12 months following the dependents' arrival in the United States (sec. 221).

The language of this bill limits the prohibition on payment of allowances when transportation to the United States is authorized for secondary education purposes to the 12 months following arrival in the United States.

Present statutory language has been interpreted to prevent the authorization of educational travel for a child on whose behalf an education allowance was granted, for example, in the first year of secondary school even though the parent has been transferred to another post at which secondary education is not available.

This change in language is intended only to provide needed flexibility without changing the basic principle that education allowances will not be available to a parent whose child has been transported to the United States at Government expense for the purpose of securing secondary education and continues to be educated in the United States.

The flexibility afforded by the language of this bill meets the needs that have developed after 5 years of experience with the educational benefit program. For example, employees who transfer to posts where local secondary schools are inadequate will be able, under the new authority, to send their children back to the States to school under the education travel grant although an education allowance had been received on behalf of the child in prior secondary school years. Conversely, a parent who sends his child to the United States under a travel grant to obtain a secondary education can receive an education allowance at a later date if he brings the child overseas again to continue secondary schooling. The allowance will not be available to the parent on behalf of a child in secondary grades who remains in school in the United States after being transported there under the travel grant to obtain a secondary education.

7. The bill adds for all agencies authority to pay travel expenses of a child to the school where secondary or undergraduate college education is to be obtained, rather than only to the nearest port of entry (sec. 221).

The language of the bill permits travel to the school or college which the dependent is to enter rather than only to the nearest port of entry as is presently the case.

Authority to transport dependents to schools and colleges to be attended rather than just to the nearest U.S. port of entry permits granting an educational travel benefit in full and affords equal treatment to all employees. For example, employees who are assigned to posts in Europe and who send dependents to Eastern schools and colleges are now in a more favorable position than the employees in the same areas who choose educational institutions in the West. The new language places all employees on the same basis.

8. The bill adds for all agencies authority to pay expenses of travel, for the purpose of obtaining undergraduate college education only, by dependents of employees who are citizens of the United States stationed in the Canal Zone (sec. 221).

This provision authorizes the payment of travel expenses, under regulations to be prescribed by the President, for the purpose of obtaining undergraduate college education only, for dependents of employees who are citizens of the United States stationed in the Canal Zone.

The provision waives section 111(6) of the bill which defines the term "foreign area" as excluding the Canal Zone.

Making the allowances for travel to obtain undergraduate college education available to dependents in the Canal Zone is a logical extension of this benefit. Undergraduate college facilities in the Canal Zone are not offered beyond the first 2 years. Those employees who plan a 4-year college program for their children want them to spend the entire 4-year period in one institution.

III. POST DIFFERENTIAL

1. The bill continues for all agencies authority to pay a post differential not to exceed 25 percent of basic compensation, based on adverse conditions of environment which warrant additional compensation as a recruitment and retention incentive (sec. 231).

The purpose of the post differential is to compensate employees for undesirable conditions of environment which exist at some posts of assignment in foreign areas. These undesirable conditions may take the form of physical hardships, hazards to health, and difficult conditions of living generally.

The post differential is intended to serve as an incentive in the recruitment and retention of personnel to be employed at the more undesirable locations. It is authorized only for those posts at which the degree of hardship is in excess of that which employees are expected to undergo as part of the sacrifice necessarily involved in oversea service.

More than one-half of the posts in foreign areas have no post differential. A large number of posts having a considerable degree of hardship do not receive post differential.

The post differential is subject to tax as a part of gross income. Other allowances are not taxable.

The existing limitation is retained on the amount of post differential which may be paid by providing that additional compensation paid as post differential shall not exceed, in any instance, 25 percent of the rate of basic compensation.

The post differential program is seen as representing a fair and equitable way of rewarding those employees who accept undesirable posts of assignment for long periods.

The language of H.R. 7758 specifically includes Ambassadors as employees who are eligible for various allowances in the bill, including the post differential. At present, chiefs of mission receive all applicable allowances but do not receive the post differential. The authority provided in the bill to pay post differential to Ambassadors is permissive. It is understood that the Department of State does not plan to make such payments at this time.

IV. STORAGE

1. The bill extends to non-foreign-affairs agencies authority to pay storage expenses for household effects under certain circumstances (sec. 301).

The bill provides for the storage of an employee's household goods and personal effects when the employee is assigned to a post outside the continental United States to which he cannot take, or at which he is unable to use, his household goods and personal effects. It would permit the head of the department concerned to authorize the storage of household goods and effects in the public interests for reasons of economy.

H.R. 7758 provides the basis for the extension to all departments and agencies of authority for payment of the costs of storage of furniture and household and personal effects of employees assigned to foreign posts, and of certain related expenses, which is comparable to the

authority for payment of such expenses now contained in section 911 of the Foreign Service Act of 1946, with respect to certain other agencies.

The measure provides a specific weight limitation to the effect that in no instance shall the weight or volume or weight of the articles transported, under authority of such paragraph, exceed the maximum weight and volume limitations fixed by regulations, when not otherwise fixed by law.

The bill authorizes storage, for periods not to exceed 3 months, of household effects of a Foreign Service officer or employee who is being separated. This would allow a period of time for the employee to select a permanent residence.

V. SHIPMENT OF HOUSEHOLD EFFECTS (SEC. 301)

The bill would eliminate the 8,750-pound maximum limitation on crated shipments of household effects of non-foreign-affairs agency employees. The net-weight maximum allowance of 7,000 pounds would be retained.

The necessary packing and crating for oversea shipment of household effects increases the gross weight of such shipments by an average of approximately 90 percent. This has the effect of reducing the maximum net weight limitation on a shipment of household effects consigned overseas to an average of something under 4,000 pounds.

The result of the gross-weight limitation is that employees are automatically restricted to a figure which, exclusive of packing and crating material, is considerably lower than was intended. In quite a few cases, employees shipping household effects well within the uncrated limit of 7,000 pounds have been forced to pay overweight shipment charges running to several hundred dollars.

VI. OFFICIAL RESIDENCE EXPENSE

The bill extends to non-foreign-affairs agencies authority to pay the costs of unusual housekeeping expenses for the principal representatives at a post (sec. 311).

The official residence allotment is a partial reimbursement for the extra housekeeping costs due to a principal representative's position which requires the maintenance of a household more extensive than necessary for an officer at the post in a lesser capacity.

The amount of the allotment is based upon the normal living pattern of senior officers at a post, the difference between these normal housekeeping expenses and the costs the principal representatives are required to bear, and the size and condition of the official residence at the post.

The principal representatives and, at times, other senior officials of the United States who are stationed at foreign posts are compelled, in the best interests of their Government, to maintain residences of a type which would not be necessary except for the positions of conspicuous responsibility which they occupy at their foreign posts.

The committee has received assurance that the Department of State has been, and will remain, the principal user of the authority to pro-

vide this allotment. However, other departments and agencies on occasion are expected to have need to use this authority.

It is intended that this authority will continue to be used very sparingly and that its use for other than chief representatives of the United States at foreign posts will be strictly limited to unusual circumstances involving actual necessity.

Reimbursement is not permitted to any individual for the ordinary household expenses which he would incur in any case. This authority is intended to extend only to the additional expenses necessarily incurred by chief representatives and senior officials of the Government in maintaining residences which are larger and more elaborate than otherwise would be required.

Extension of the authority to pay unusual expenses in connection with the operation of official residences is expected to add relatively few officials to the limited number now authorized to receive such payments. Some agencies represented overseas will have no officers in this category.

The State Department as the principal current user of this authority makes official residence allotments to 1 principal officer at each post, and makes in addition allotments to about 20 other top officers such as the deputy chiefs of mission at the largest posts.

VII. PRIVATELY OWNED MOTOR VEHICLES

The bill extends to non-foreign-affairs agencies authority to ship privately owned motor vehicles under certain circumstances (sec. 321).

H.R. 7758 would authorize the shipment of employees' vehicles by Government transportation or commercial means when the transportation is considered by the head of the agency to be in the interest of the Government for the employees to have the use of the motor vehicle at his post of duty.

It would authorize the transportation of a replacement vehicle after 4 years or earlier if a replacement vehicle is determined to be necessary by the head of the agency.

Assurances have been given that this authority for the transportation of privately owned motor vehicles would be strictly administered to insure that such transportation will be authorized only where it is clear that the use of an employee's motor vehicle will contribute to effectiveness in the performance of official duties, is desirable and suitable under local conditions, is in the interest of the Government, and is not solely for the personal convenience of the employee.

The agencies concerned state that the automobile shipment allowance will be austere administered. For example, it is not contemplated that automobiles will be shipped to any U.S. employees stationed in Europe. The reason for this is that European automobiles, which are available to U.S. employees, are usually entirely adequate. Furthermore, the larger U.S. cars are not suitable to many narrow European roads and, because of their size, they tend to have a poor psychological effect upon Europeans who see Americans driving them.

In other countries, where domestic cars are not available, however, the authority for this allowance is seen as essential, so that employees who need cars as part of their jobs will have them.

VIII. LEAVE

1. The bill extends to foreign affairs agencies authority for a maximum of 45 days of annual leave accumulation by employees stationed abroad (sec. 401).

Existing law provides for the accumulation of a maximum of 30 days of annual leave for employees of the foreign affairs agencies abroad. Employees of all other agencies may accumulate 45 days. This bill would equalize for all the annual leave accumulation at 45 days, thus removing an inequity.

2. The bill extends to non-foreign-affairs agencies home-leave privileges for employees after 24 months of service abroad (sec. 401).

Existing law provides that employees abroad of non-foreign-affairs agencies shall accrue annual leave on the same basis as is provided for employees in the States. Employees abroad use much of this leave locally for personal business and recreation, so that frequently insufficient leave is available to permit trips home. Periodic vacations in the States are seen as desirable for all U.S. citizen employees.

The home-leave provision allows additional leave for this purpose. The home leave would be granted at a rate not to exceed 1 week for each 4 months of service. It is separate and apart from annual and sick leave. Home leave would be granted only to officers and employees who have completed at least 24 months of continuous service outside the United States. The home-leave provision of this bill is a permissive provision that would be used only to the extent determined to be indicated by conditions of employment in particular overseas areas.

IX. EXEMPTION FROM INCOME TAX

The bill continues for all agencies exemption of allowances (but not differential) from income tax (sec. 523).

Existing law and rulings of the Internal Revenue Service provide that amounts received as cost-of-living allowances are not includible in gross income. These allowances are not considered as part of basic compensation for tax purposes.

Amounts received as salary differential to offset conditions of environment (not living costs) are considered by existing revenue rulings to be a part of compensation and hence taxable.

This bill makes a number of technical amendments to the Internal Revenue Code of 1954 which are necessary in order to conform it to the changes in legal authorities made by this bill.

AMENDMENTS

The committee recommends amendment of two provisions of H.R. 7758.

The first of these provisions as passed by the House extends to non-foreign-affairs agencies authority to make advance payment of all allowances. It stipulates that these advances of funds, not covered by allowances accrued, will be recoverable by the Government through setoff against salary or other amount due from the Government.

The House language with regard to this recoverability contains no waiver authority, so that in all cases any advance not later earned must be recovered.

In order to prevent hardship upon the employee when the nonrecoverability is not the fault of the employee, the committee recommends amendment of the bill by the addition of the following language to the end of section 202:

The head of the Government agency concerned may, in accordance with regulations of the President, waive in whole or in part any right of recovery under this section, if it is shown that such recovery would be against equity and good conscience or against the public interest.

The second of these provisions, as passed by the House, extends to non-foreign-affairs agencies "the cost of transporting dependents" to and from the United States to obtain secondary or undergraduate college education. Present authority, extending this benefit to foreign affairs agencies (sec. 911(9) of the Foreign Service Act), uses the phrase "travel expenses."

The Foreign Service Act language encompasses the usual expenses of traveling, including transportation costs, per diem, and related costs.

The language of H.R. 7758, as passed by the House, precludes the payment of more than the ship or airline fare.

The committee recommends amendment of this provision by adopting the language of the Foreign Service Act.

The following change in the language of section 211 accomplishes this amendment (new language in italic; old language in black brackets):

Section 221

(4) An education allowance or payment of [transportation] *travel* costs to assist an employee with the extraordinary and necessary expenses not otherwise compensated for, incurred by reason of his service in any foreign area or foreign areas in providing adequate education for his dependents, as follows:

(B) The [cost of transporting] *travel expenses* of dependents of an employee to and from a school in the United States to obtain an American secondary or undergraduate college education, not to exceed one trip each way for each dependent for the purpose of obtaining each type of education; but no allowance payments under subparagraph (A) of this paragraph (4) shall be made for any dependent during the twelve months following his arrival in the United States for secondary education pursuant to authority contained in this subparagraph (B). Notwithstanding section 111(6) of this Act, [transportation,] *travel expenses*, for the purpose of obtain-

ing undergraduate college education, may be authorized under this subparagraph (B), under such regulations as the President may prescribe, for dependents of employees who are citizens of the United States stationed in the Canal Zone.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

ADMINISTRATIVE EXPENSES ACT OF 1946

AN ACT To authorize certain administrative expenses in the Government service, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) under such regulations as the President may prescribe, any civilian officer or employee of the Government who, in the interest of the Government, is transferred from one official station to another, including transfer from one department to another, for permanent duty, shall, except as otherwise provided herein, when authorized or approved by such subordinate official or officials of the department concerned as the head thereof may designate for the purpose, be allowed and paid from Government funds the expenses of travel of himself and the expenses of transportation of his immediate family (or a commutation thereof in accordance with the Act of February 14, 1931) and the expenses of transportation, packing, crating, temporary storage, drayage, and unpacking of his household goods and personal effects (not to exceed seven thousand pounds [if uncrated or eight thousand seven hundred and fifty pounds if crated or the equivalent thereof when transportation charges are based on cubic measurement] *net weight*): *Provided*, That advances of funds may be made to the officer or employee in accordance with said regulations under the same safeguards as are required under the Subsistence Expense Act of 1926 (5 U.S.C. 828): *Provided further*, That the allowances herein authorized shall not be applicable to officers and employees transferred in accordance with the provisions of the Foreign Service Act of 1946: *Provided further*, That no part of such expenses (including those of officers and employees of the Foreign Service, Department of State) shall be allowed or paid from Government funds where the transfer is made primarily for the convenience or benefit of the officer or employee or at his request: *Provided further*, That in case of transfer from one department to another such expenses shall be payable from the funds of the department to which the officer or employee is transferred: *And provided further*, That expenses of travel and transportation in connection with the transfer of officers and employees to posts of

duty outside the continental limits of the United States and return therefrom shall be allowed to the same extent and subject to the same limitations prescribed for new appointees under section 7 of this Act.

(b) In lieu of the payment of actual expenses of transportation, packing, crating, temporary storage, drayage, and unpacking of household goods and personal effects, in the case of such transfers between points in continental United States, reimbursement shall be made to the officer or employee on a commuted basis (not to exceed the amount which would be allowable for the authorized weight allowance) at such rates per one hundred pounds as may be fixed by zones in regulations prescribed by the President. Under such regulations as the President may prescribe, any civilian officer or employee who transports a house trailer or mobile dwelling within the continental United States, within Alaska, or between the continental United States and Alaska, for use as a residence and who would otherwise be entitled to transportation of household goods and personal effects under subsection (a) shall be entitled to a reasonable allowance, not to exceed 20 cents per mile, in lieu of such transportation.

(c) Funds available for travel expenses of civilian officers and employees shall also be available for the expenses of the transportation of their immediate families, and funds available for the transportation of things shall also be available for the transportation of household goods and effects, as authorized by this Act.

(d) When civilian officers and employees of the United States are on duty at places designated by the heads of their respective departments or agencies as within zones from which their immediate families should be evacuated for military or other reasons which create imminent danger to life or property, or adverse living conditions seriously affecting the health, safety, or accommodations of said families, or upon transfer or assignment to duty of such civilian officers and employees to places where their immediate families are not, for the aforesaid reasons, permitted to accompany them, their immediate families and household goods may be transported at Government expense, under such regulations as the heads of their respective departments and agencies may prescribe, to such location as may be designated by the civilian officer or employee concerned or by the immediate families of such officers and employees when circumstances prevent the officers and employees from designating such locations or when it is administratively impracticable to determine the intent of the officers or employees in this respect: *Provided*, That if such location designated by either the officers or employees or their immediate families is within an area to which such movement is prohibited for the aforesaid reasons, an alternate location may be designated by either the officers or employees concerned or their immediate families: *And provided further*, That such immediate families and household goods may later be transported at Government expense from the designated location or alternate location authorized in this subsection to a duty station to which the officers or employees concerned are assigned, and to which the above restrictions do not apply.

(e) *Whenever any civilian officer or employee (including any new appointee in accordance with section 7 of this Act) is assigned to a permanent duty station outside the continental United States to which he cannot take or at which he is unable to use his household goods and personal effects or whenever the head of the department concerned au-*

thorizes storage of any such property in the public interest or for reasons of economy, storage expenses (including related transportation and other expenses) may be allowed such officer or employee in accordance with regulations prescribed by the President; but in no instance shall the weight of the property stored under this subsection, together with the weight of property transported under subsection (a), exceed the maximum weight limitation provided by subsection (a).

(f) Under such regulations as the President may prescribe, the privately owned motor vehicle of any employee (including any new appointee, in accordance with section 7 of this Act) assigned to a post of duty outside the continental United States on other than temporary duty orders may be transported to, from, and between the continental United States and such post of duty, or between posts of duty outside the continental United States, whenever it is determined by the head of the department concerned to be in the interest of the Government for such employee to have the use of a motor vehicle at his post of duty. Not more than one motor vehicle of any employee may be transported under authority of this subsection during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any employee may be so transported during such period upon approval, in advance, by the head of the department concerned and upon a determination, in advance, by such department head that such replacement is necessary for reasons beyond the control of the employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this subsection of a privately owned motor vehicle of any employee who has remained in continuous service outside the continental United States during such period, the transportation of a replacement for such motor vehicle for such employee may be authorized, in accordance with this subsection, by the head of the department concerned. The head of each department may, in accordance with this subsection, authorize the transportation of privately owned motor vehicles of employees of such department, assigned to duty outside the continental United States, by commercial means if available at reasonable rates and under reasonable conditions or by Government means on a space-available basis. This subsection shall not apply to the Foreign Service of the United States under the Department of State and to the Central Intelligence Agency but shall not affect the authority contained in section 913 of the Foreign Service Act of 1946 (60 Stat. 1027; 22 U.S.C. 1138) or paragraph (4) of section 4 of the Central Intelligence Agency Act of 1949 (63 Stat. 210, 72 Stat. 337; 50 U.S.C. 403e (a) (4)).

SEC. 2. * * *

(Executed and obsolete.)

SEC. 3. * * *

(Repealed and obsolete.)

SEC. 4. * * *

(Executed.)

SEC. 5. Persons in the Government service employed intermittently as consultants or experts and receiving compensation on a per diem when actually employed basis may be allowed travel expenses while away from their homes or regular places of business, including per diem in lieu of subsistence while at place of such employment, in accordance with the Standardized Government Travel Regulations, Subsistence Expense Act of 1926, as amended (5 U.S.C. 821-833), and the Act of February 14, 1931, as amended by this Act, and per-

sons serving without compensation or at \$1 per annum may be allowed, while away from their homes or regular places of business, transportation in accordance with said regulations and said Act of February 14, 1931, as so amended, and not to exceed \$15 per diem within the limits of the continental United States and beyond such limits, not to exceed the rates of per diem established by the Director of the Bureau of the Budget pursuant to section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836) in lieu of subsistence en route and at place of such service or employment unless a higher rate is specifically provided in an appropriation or other Act: *And provided further,* That where due to the unusual circumstances of a travel assignment within the limits of the continental United States such maximum per diem allowance would be much less than the amount required to meet the actual and necessary expenses of the trip, the heads of departments and establishments may, in accordance with regulations promulgated by the Director, Bureau of the Budget, pursuant to section 7 of the Travel Expense Act of 1949 as amended (5 U.S.C. 840) prescribe conditions under which reimbursement for such expenses may be authorized on an actual expense basis not to exceed a maximum amount to be specified in the travel authorization, but in any event not to exceed \$25 for each day in travel status.

SEC. 6. Section 10 of the Act of March 3, 1933 (5 U.S.C. 73b), is hereby amended to read as follows:

"SEC. 10. Whenever by or under authority of law actual expenses for transportation may be allowed, such allowances shall not exceed the lowest first-class rate by the transportation facility used in such transportation unless it is certified, in accordance with regulations prescribed by the President, that lowest first-class accommodations are not available or that use of a compartment or such other accommodations as may be authorized or approved by the head of the agency concerned or such subordinates as he may designate, is required for purposes of security."

SEC. 7. (a) Appropriations for the departments shall be available, in accordance with regulations prescribed by the President, for expenses of travel of new appointees, expenses of transportation of their immediate families and expenses of transportation of their household goods and personal effects from places of actual residence at time of appointment to places of employment outside continental United States, and for such expenses on return to employees from their posts of duty outside continental United States to the places of their actual residence at time of assignment to duty outside the United States: *Provided,* That such expenses of travel and transportation to posts of duty outside the continental United States shall not be allowed unless and until the person selected for appointment shall agree in writing to remain in the Government service for twelve months following his appointment, unless separated for reasons beyond his control and acceptable to the department or agency concerned and in case of violation of such agreement any moneys expended by the United States on account of such travel and transportation shall be recoverable from the individual concerned as a debt due the United States: *And provided further,* That expenses of return travel and transportation upon separation from the service shall be allowed whether such separation is for the purposes of the Government or for personal convenience, but shall not be allowed unless such persons selected

for appointment outside the continental United States shall have served for a minimum period of not less than one nor more than three years prescribed in advance by the head of the department or agency concerned or unless separation is for reasons beyond the control of the individual and acceptable to the department or agency concerned: *Provided further*, That expenses of round trip travel of employee and transportation of immediate family but excluding household effects, from their posts of duty outside the continental United States to the places of actual residence at time of appointment or transfer to such overseas posts of duty, shall be allowed in the case of persons who have satisfactorily completed an agreed period of service overseas and are returning to their actual place of residence for the purpose of taking leave prior to serving another tour of duty at the same or some other overseas post, under a new written agreement entered into before departing from the overseas post: *Provided further*, Any officer or employee of the United States appointed by the President, by and with the advice and consent of the Senate, to serve for a term fixed by law, whose post of duty is outside the continental United States, shall be allowed expenses of round trip travel for himself and transportation of his immediate family, but excluding household effects, from his post of duty outside the continental United States to the place of his actual residence at the time of his appointment to such overseas post of duty, at the end of each two years of satisfactory service completed overseas, if he is returning to his actual place of residence for the purpose of taking leave prior to serving at least two more years of overseas duty: *Provided further*, That expenses of transportation of the immediate family and shipment of household effects of any employee from the post of duty of such employee outside continental United States to place of actual residence shall be allowed, not in excess of one time, prior to the return of such employee to the United States, including its Territories and possessions, when the employee has acquired eligibility for such transportation or when the public interest requires the return of the immediate family for compelling personal reasons of a humanitarian or compassionate nature, such as may involve physical or mental health, death of any member of the immediate family, or obligation imposed by authority or circumstances over which the individual has no control: *And provided further*, That when an employee returns his immediate family and household goods to the United States, including its Territories and possessions, at his own expense prior to his return and for other than reasons of public interest, the Government shall reimburse him for proper transportation expenses at such time as he acquires eligibility therefor.

(b) Appropriations for the departments shall be available in accordance with regulations prescribed by the President, for expenses of travel of persons appointed to positions in the natural and mathematical sciences, engineering, and architectural fields, and to related technical positions in the continental United States and Alaska for which there is determined by the Civil Service Commission to be a manpower shortage in those skills which are critical to the national security effort, and for expenses of transportation of their immediate families and their household goods and personal effects and for advances of funds to the extent authorized by section 1(a) and (b) of this Act, from their places of actual residence at time of selection to their first duty station. Such travel expenses may include per diem

and mileage allowance for persons selected for appointment as provided for civilian officers and employees by the Travel Expense Act of 1949, as amended. Travel and transportation expenses may be allowed whether the person selected for appointment has been appointed or not at the time of such travel. However, the travel and transportation expenses authorized by this subsection shall not be allowed unless the person selected for appointment shall agree in writing to remain in the Government service for twelve months following his appointment unless separated for reasons beyond his control and acceptable to the department or agency concerned. In case of violation of such agreement, any moneys expended by the United States on account of such travel and transportation shall be recoverable from the individual concerned as a debt due the United States.

(c) The authority of the Civil Service Commission to determine for purposes of this Act positions for which there is a manpower shortage shall not be delegated. The provisions of subsections (b) and (c) of section 7 of this Act shall expire two years from the date of their enactment into law.

(d) Nothing contained in this section shall impair or otherwise affect the authority of any department under existing law to pay travel and transportation expenses of persons designated in subsection (b) and (c) hereof.

Sec. 8. * * *

(Obsolete.)

Sec. 9. (a) Section 3709 of the Revised Statutes of the United States is hereby amended to read as follows:

"Unless otherwise provided in the appropriation concerned or other law, purchases and contracts for supplies or services for the Government may be made or entered into only after advertising a sufficient time previously for proposals, except (1) when the amount involved in any one case does not exceed \$2,500, (2) when the public exigencies require the immediate delivery of the articles or performance of the service, (3) when only one source of supply is available and the Government purchasing or contracting officer shall so certify, or (4) when the services are required to be performed by the contractor in person and are (A) of a technical and professional nature or (B) under Government supervision and paid for on a time basis. Except (1) as authorized by section 29 of the Surplus Property Act of 1944 (50 U.S.C. App. 1638), (2) when otherwise authorized by law, or (3) when the reasonable value involved in any one case does not exceed \$500, sales and contracts of sale by the Government shall be governed by the requirements of this section for advertising."

(b) Exemptions from section 3709, Revised Statutes, in other law in amounts of \$100 or less are hereby repealed.

(c) In the case of wholly owned Government corporations, this section shall apply to their administrative transactions only.

Sec. 10. Whenever a department is authorized by law to hold hearings and to subpoena witnesses for appearance at said hearings, witnesses summoned to and attending such hearings shall be entitled to the same fees and mileage, or expenses in the case of Government officers and employees, as provided by law for witnesses attending in the United States courts.

OVERSEAS DIFFERENTIALS AND ALLOWANCES ACT

SEC. 11. The first sentence of section 3648 of the Revised Statutes (31 U.S.C. 529) is hereby amended to read as follows:

"No advance of public money shall be made in any case unless authorized by the appropriation concerned or other law."

SEC. 12. The head of any department may delegate to subordinate officials (1) the power vested in him by law to take final action on matters pertaining to the employment, direction, and general administration of personnel under his department; (2) the authority vested in him by section 3683 of the Revised Statutes (31 U.S.C. 675) to direct the purchase of articles from contingent funds; and (3) the authority vested in him by section 3828, Revised Statutes (44 U.S.C. 324), to authorize the publication of advertisements, notices or proposals.

SEC. 13. Appropriations available for the procurement of supplies and material or equipment shall be available for the purchase and maintenance of special clothing and equipment for the protection of personnel in the performance of their assigned tasks.

SEC. 14. * * *

(Repealed.)

SEC. 15. The head of any department, when authorized in an appropriation or other Act, may procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract, and in such cases such service shall be without regard to the civil-service and classification laws (but as to agencies subject to the Classification Act at rates not in excess of the per diem equivalent of the highest rate payable under the Classification Act, unless other rates are specifically provided in the appropriation or other law) and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended by this Act.

SEC. 16. (a) Section 5 of the Act of July 16, 1914 (5 U.S.C. 78), is amended to read as follows:

"SEC. 5. (a) Unless specifically authorized by the appropriation concerned or other law, no appropriation shall be expended to purchase or hire passenger motor vehicles for any branch of the Government other than those for the use of the President of the United States, the secretaries to the President, or the heads of the executive departments enumerated in 5 U.S.C. 1.

"(b) Excepting appropriations for the Military and Naval Establishments, no appropriation shall be available for the purchase, maintenance, or operation of any aircraft unless specific authority for the purchase, maintenance, or operation thereof has been or is provided in such appropriation.

"(c) Unless otherwise specifically provided, no appropriation available for any department shall be expended—

"(1) to purchase any passenger motor vehicle (exclusive of busses, ambulances, and station wagons), at a cost, completely equipped for operation, and including the value of any vehicle exchanged, in excess of the maximum price therefor, if any, established pursuant to law by a Government agency and in no event more than such amount as may be specified in an appropriation or other Act, which shall be in addition to the amount required for transportation;

"(2) for the maintenance, operation, and repair of any Government-owned passenger motor vehicle or aircraft not used exclusively for official purposes; and 'official purposes' shall not include the transportation of officers and employees between their domiciles and places of employment, except in cases of medical officers on out-patient medical service and except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only as to such latter cases when the same is approved by the head of the department concerned. Any officer or employee of the Government who willfully uses or authorizes the use of any Government-owned passenger motor vehicle or aircraft, or of any passenger motor vehicle or aircraft leased by the Government, for other than official purposes or otherwise violates the provisions of this paragraph shall be suspended from duty by the head of the department concerned, without compensation, for not less than one month, and shall be suspended for a longer period or summarily removed from office if circumstances warrant. The limitations of this paragraph shall not apply to any motor vehicles or aircraft for official use of the President, the heads of the executive departments enumerated in 5 U.S.C. 1, ambassadors, ministers, chargés d'affaires, and other principal diplomatic and consular officials.

"(d) In the budgets for the fiscal year 1948 and subsequent fiscal years there shall be submitted in detail estimates for such necessary appropriations as are intended to be used for purchase or hire of passenger motor vehicles or for purchase, maintenance, or operation of aircraft, specifying the sums required, the public purposes for which said conveyances are intended, the number of currently owned conveyances to be continued in use, and the officials or employees by whom all of such conveyances are to be used.

"(e) The acquisition of aircraft or passenger motor vehicles by any agency by transfer from another department of the Government shall be considered as a purchase within the meaning hereof."

(b) * * *

(Executed.)

SEC. 17. (a) * * *

(Executed.)

(b) That portion of the Act of July 31, 1876, (44 U.S.C. 321; 19 Stat. 105), reading as follows: "and in no case of advertisement for contracts for the public service shall the same be published in any newspaper published and printed in the District of Columbia unless the supplies or labor covered by such advertisement are to be furnished or performed in said District of Columbia" is hereby amended by adding at the end thereof "or in the adjoining counties of Maryland or Virginia".

(c) That portion of the Act of June 23, 1906 (3 U.S.C. 43) reading as follows: "not exceeding \$25,000 per annum" is hereby amended to read, "not exceeding \$40,000 per annum".

SEC. 18. The word "department" as used in this Act shall be construed to include independent establishments, other agencies, wholly owned Government corporations, (the transactions of which corporations shall be subject to the authorizations and limitations of this Act, except that section 9 shall apply to their administrative trans-

actions only), and the government of the District of Columbia, but shall not include the Senate, House of Representatives, or office of the Architect of the Capitol, or the officers or employees thereof. The words "continental United States" as used herein shall be construed to mean the forty-eight States and the District of Columbia. The word "Government" shall be construed to include the government of the District of Columbia. The word "appropriation" shall be construed as including funds made available by legislation under section 104 of the Government Corporation Control Act, approved December 6, 1945.

Sec. 19. Sections 1, 3, 4, 5, 7, 14, and 15 of this Act shall not apply to persons whose pay and allowances are established by the Pay Readjustment Act of 1942.

Sec. 20. Sections 1 and 2 of this Act shall become effective on the first day of the third calendar month following the enactment hereof.

Sec. 21. This Act may be cited as the "Administrative Expenses Act of 1946".

Sec. 22. Under such regulations as the President may prescribe, funds available to the departments for administrative expenses may be allotted to posts in foreign countries for the purpose of defraying the unusual expenses incident to the operation and maintenance of official residences suitable for the chief representatives of the United States at such posts and such other senior officials of this Government in foreign countries as the President may designate.

FOREIGN SERVICE ACT OF 1946

TITLE IV—CATEGORIES AND SALARIES OF PERSONNEL

PART E—CLASSIFICATION

[ADMINISTRATION ESTABLISHMENT OF SALARY DIFFERENTIALS

[SEC. 443. The President may, under such regulations as he may prescribe, establish rates of salary, differential, not exceeding 25 per centum of basic salary, for Foreign Service officers, Reserve officers, and staff officers and employees assigned to posts involving extraordinarily difficult hiring conditions, excessive physical hardship, or notably unhealthful conditions. The Secretary shall prepare and maintain a list of such posts.]

TITLE IX—ALLOWANCES AND BENEFITS

PART A—ALLOWANCES AND SPECIAL ALLOTMENTS

[QUARTERS, COST OF LIVING, AND REPRESENTATION ALLOWANCES

[SEC. 901. In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765

of the Revised Statutes (5 U.S.C. 70), the Secretary is authorized to grant to any officer or employee of the Service who is a citizen of the United States—

[(1) allowances, wherever Government owned or rented quarters are not available, for living quarters, heat, light, fuel, gas and electricity, including allowances for the cost of lodging at temporary quarters, incurred by an officer or employee of the Service and the members of his family upon first arrival at a new post, for a period not in excess of three months after such first arrival or until the occupation of residence quarters, whichever period shall be shorter, up to but not in excess of the aggregate amount of the per diem that would be allowable to such officer or employee for himself and the members of his family for such period if they were in travel status;

[(2) cost-of-living allowances, whenever the Secretary shall determine—

[(i) that the cost of living at a post abroad is proportionately so high that an allowance is necessary to enable an officer or employee of the Service at such post to carry on his work efficiently;

[(ii) that extraordinary and necessary expenses, not otherwise compensated for, are incurred by an officer or employee of the Service incident to the establishment of his residence at any post of assignment abroad or at a post of assignment in the continental United States between assignments to post abroad;

[(iii) that an allowance is necessary to assist an officer or employee of the Service who is compelled by reason of dangerous, notably unhealthful, or excessive adverse living conditions at his post abroad or for the convenience of the Government to meet the additional expense of maintaining his wife and minor children elsewhere than in the country of his assignment;

[(iv) that extraordinary and necessary expenses, not otherwise compensated for, must be incurred by an officer or employee of the Service, by reason of his service abroad, in providing for adequate elementary and secondary education for his dependents; allowances under this subparagraph for any post shall not exceed the cost of obtaining such educational services as are ordinarily provided without charge by the public schools of the United States plus, in those cases where adequate schools are not available at the post, board and room, and periodic transportation between the post and the nearest locality where adequate schools are available; if any such officer or employee employs a less expensive method of providing such education, any allowance paid to him shall be reduced accordingly; no allowance shall be paid under this subparagraph for a dependent for whom a travel allowance has been paid under section 911(9);

[(3) allowances in order to provide for the proper representation of the United States by officers or employees of the Service.]

REPRESENTATION ALLOWANCES

Sec. 901. In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the Secretary is authorized to grant to any officer or employee of the Service who is a citizen of the United States allowances in order to provide for the proper representation of the United States by officers or employees of the Service.

[ALLOTMENT FOR OFFICIAL RESIDENCE OF CHIEF AMERICAN REPRESENTATIVE

[SEC. 902. The Secretary may, under such regulations as he may prescribe, make an allotment of funds to any post to defray the unusual expenses incident to the operation and maintenance of official residences suitable for principal representatives of the United States at that post.

[ACCOUNTING FOR ALLOWANCES

[SEC. 903. All such allowances and allotments shall be accounted for to the Secretary in such manner and under such rules and regulations as the President may prescribe. The Secretary shall report all such expenditures annually to the Congress with the budget estimates of the Department.]

* * * * *

PART B—TRAVEL AND RELATED EXPENSES

GENERAL PROVISIONS

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay—

* * * * *

[(4) the cost of storing the furniture and household and personal effects of an officer or employee of the Service who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;]

(4) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service, when he is absent from his post of assignment under orders, or when he is assigned to a post to which he cannot take or at which he is unable to use such furniture and household and personal effects, or when it is in the public interest or more economical to authorize storage; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

[(5) the cost of storing the furniture and household and personal effects of an officer or employee of the Service on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;]

(5) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service in connection

with assignment or transfer to a new post, from the date of his departure from his last post or from the date of his departure from his place of residence in the case of a new officer or employee and for not to exceed three months after arrival at the new post, or until the establishment of residence quarters, whichever shall be shorter; and, in connection with separation of an officer or employee of the Service, the cost of packing and unpacking, transporting to and from a place of storage, and storing for a period not to exceed three months, his furniture and household and personal effects; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law.

* * * * *

[(9) the travel expenses incurred by an officer or employee of the Service who is assigned to a foreign post, in transporting dependents to and from United States ports of entry designated by the Secretary, to obtain an American secondary or college education, not to exceed one trip each way for each dependent for the purpose of obtaining each type of education.]

* * * * *

TRANSPORTATION OF [AUTOMOBILES] MOTOR VEHICLES

SEC. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned [automobile] motor vehicle in any case [where] in which he shall determine that water, rail, or air transportation of the [automobile] motor vehicle is necessary or expedient for all or any part [or] of [all] the distance between points of origin and destination. Not more than one motor vehicle of any such officer or employee may be transported under authority of this section during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any such officer or employee may be so transported during such period upon approval, in advance, by the Secretary and upon a determination, in advance, by the Secretary that such replacement is necessary for reasons beyond the control of the officer or employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this section of a privately owned motor vehicle of any officer or employee who has remained in continuous service outside the continental United States (excluding Alaska and Hawaii) during such period, the transportation of a replacement for such motor vehicle for such officer or employee may be authorized by the Secretary in accordance with this section.

CENTRAL INTELLIGENCE AGENCY ACT OF 1949

AN ACT

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DEFINITIONS

SECTION 1. That when used in this Act, the term—

- (a) "Agency" means the Central Intelligence Agency;
- (b) "Director" means the Director of Central Intelligence;
- (c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government; and
- (d) "Continental United States" means the States and the District of Columbia.

* * * * *

TRAVEL, ALLOWANCES, AND RELATED EXPENSES

SEC. 4. (a) Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned to permanent-duty stations outside the continental United States, its territories, and possessions *duty stations outside the several States of the United States of America, excluding Alaska and Hawaii, but including the District of Columbia,* shall—

(1)(A) pay the travel expenses of officers and employees of the Agency including *Agency, including* expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provisions of section 5(a)(3) with regard to the granting of *authorized home leave;*

(B) pay the travel expenses of members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(C) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services, to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(D) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;

(D) *pay the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Agency, when he is absent from his post of assignment under orders, or when he is assigned to a post to which he cannot take or at which he is unable to use such furniture and household and personal effects, or when it is in the public interest or more economical to authorize storage; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;*

[(E) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;]

(E) pay the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Agency in connection with the assignment or transfer to a new post, from the date of his departure from his last post or from the date of his departure from his place of residence in the case of a new officer or employee and for not to exceed three months after arrival at the new post, or until the establishment of residence quarters, whichever shall be shorter; and in connection with separation of an officer or employee of the Agency, the cost of packing and unpacking, transporting to and from a place of storage, and storing for a period not to exceed three months, his furniture and household and personal effects; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law.

* * * * *

[(3)(A) Order to the United States or its Territories and possessions on leave provided for in 5 U.S.C. 30, 30a, 30b, or as such sections may hereafter be amended, every officer and employee of the agency who was a resident of the United States or its Territories and possessions at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter: *Provided*, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a thirty-day period.]

(3)(A) Order to any of the several States of the United States of America (including the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States) on leave of absence each officer or employee of the Agency who was a resident of the United States (as described above) at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter.

[(B) While in the continental United States on leave, the service of any officer or employee shall not be available for work or duties except in the agency or for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.]

(B) While in the United States (as described in paragraph (3)(A) of this section) on leave, the service of any officer or employee shall be available for work or duties in the Agency or elsewhere as the Director may prescribe; and the time of such work or duty shall not be counted as leave.

[(C) Where an officer or employee on leave returns to the United States or its Territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its Territories and possessions, and such time as may be necessarily occupied in awaiting transportation.]

(C) Where an officer or employee on leave returns to the United States (as described in paragraph (3)(A) of this section), leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States (as so described) and such time as may be necessarily occupied in awaiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned [automobile] motor vehicle in any case [where] in which it shall be determined that water, rail, or air transportation of the [automobile] motor vehicle is necessary or expedient for all or any part [or] of [all] the distance between points of origin and destination, and pay the costs of such transportation. Not more than one motor vehicle of any officer or employee of the Agency may be transported under authority of this paragraph during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any such officer or employee may be so transported during such period upon approval, in advance, by the Director and upon a determination, in advance, by the Director that such replacement is necessary for reasons beyond the control of the officer or employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this paragraph of a privately owned motor vehicle of any officer or employee who has remained in continuous service outside the several States of the United States of America, excluding Alaska and Hawaii, but including the District of Columbia, during such period, the transportation of a replacement for such motor vehicle for such officer or employee may be authorized by the Director in accordance with this paragraph.

*(b) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the Director is authorized to grant to any officer or employee of the Agency allowances in accordance with the provisions of section 901(1) and 901(2) of the Foreign Service Act of 1946.]

SECTION 8 OF THE UNITED NATIONS PARTICIPATION ACT OF 1945, AS AMENDED

SEC. 8. There is hereby authorized to be appropriated annually to the Department of State, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the payment by the United States of its share of the expenses of the United Nations as apportioned by the General Assembly in accordance with article 17 of the Charter, and for all necessary salaries and expenses of the representatives provided for in section 2 hercof, and of their appropriate staffs, including personal services in the District of Columbia and elsewhere, without regard to the civil-service laws and the Classification Act of 1923, as amended;¹ travel expenses without regard to the Standardized Government Travel Regulations, as amended, the

¹ Reference made to the Classification Act of 1923, as amended, is held and considered to mean the Classification Act of 1949 (see § 1106(a) of the Classification Act of 1949, 63 Stat. 972).

Travel Expense Act of 1949, and section 10 of the Act of March 3, 1933, as amended, and, under such rules and regulations as the Secretary of State may prescribe, travel expenses of families and transportation of effects of United States representatives and other personnel in going to and returning from their post of duty; allowances for living quarters, including heat, fuel, and light, as authorized by the Act approved June 26, 1930 (5 U.S.C. 118a); cost-of-living allowances for personnel stationed abroad under such rules and regulations as the Secretary of State may prescribe; communications services; stenographic reporting, translating, and other services, by contract; hire of passenger motor vehicles and other local transportation; rent of offices; printing and binding without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111); allowances and expenses as provided in section 6 of the Act of July 30, 1946 (Public Law 565, Seventy-ninth Congress), and allowances and expenses equivalent to those provided in section 901(3) of the Foreign Service Act of 1946 (Public Law 724, Seventy-ninth Congress); the lease or rental (for periods not exceeding ten years) of living quarters for the use of the representative of the United States to the United Nations referred to in paragraph (a) of section 2 hereof; the cost of installation and use of telephones in the same manner as telephone service is provided for use of the Foreign Service pursuant to the Act of August 23, 1912, as amended (31 U.S.C. 679), [and the allotment of funds, similar to the allotment authorized by section 902 of the Foreign Service Act of 1946, for unusual expenses incident to the operation and maintenance of such living quarters, to be accounted for in accordance with section 903 of said Act;] and unusual expenses similar to those authorized by section 22 of the Administrative Expenses Act of 1946, as amended by section 311 of the Overseas Differentials and Allowances Act, incident to the operation and maintenance of such living quarters; and such other expenses as may be authorized by the Secretary of State; all without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5).

SECTIONS 202 AND 203 OF THE ANNUAL AND SICK LEAVE ACT OF 1951

COVERAGE AND EXEMPTIONS

SEC. 202. (a) Except as provided in subsection (b), this title shall apply to all civilian officers and employees of the United States and of the government of the District of Columbia, including officers and employees of corporations wholly owned or controlled by the United States.

(b)(1) This title shall not apply to—

(A) teachers and librarians of the public schools of the District of Columbia;

(B) part-time officers and employees (except hourly employees in the field service of the Post Office Department) for whom there has not been established a regular tour of duty during each administrative workweek;

(C) temporary employees engaged on construction work at hourly rates;

- (D) employees of the Canal Zone Government and the Panama Canal Company when employed on the Isthmus of Panama;
- (E) commissioned officers of the Public Health Service;
- (F) commissioned officers of the Coast and Geodetic Survey;
- (G) doctors, dentists, and nurses in the Department of Medicine and Surgery of the Veterans' Administration;
- (H) officers and employees of the Senate and House of Representatives; and
- (I) officers and employees of any corporation under the supervision of the Farm Credit Administration of which corporation any member of the board of directors is elected or appointed by private interests.

(2) This title, except section 203(g), shall not apply to alien employees who occupy positions outside the [several States and the District of Columbia] *United States*.

(3) Section 204 of this title shall not apply to officers and members of the Metropolitan Police and the Fire Department of the District of Columbia.

(c)(1) This title shall not apply to the following officers in the executive branch of the Government and officers of the government of the District of Columbia, including officers of corporations wholly owned or controlled by the United States:

(A) persons appointed by the President by and with the advice and consent of the Senate, or by the President alone, whose rates of basic compensation exceed the maximum rate provided in the General Schedule of the Classification Act of 1949, as amended;

(B) persons who receive compensation in accordance with section 411 of the Foreign Service Act of 1946; and

(C) such other officers (except postmasters, United States attorneys, and United States marshals) as may be designated by the President.

No officer in the executive branch of the Government and no officer of the government of the District of Columbia, including an officer of a corporation wholly owned or controlled by the United States, to whom this title applies shall be deemed to be entitled to the compensation attached to his office solely by virtue of his status as an officer.

(2) The President, in his discretion, may authorize leaves of absence to persons who are exempted from this title pursuant to subsection (c)(1)(B) for use in the United States and its Territories and possessions. Leaves of absence authorized under this subsection shall not constitute a leave system, and no such leave of absence which is not used shall be made the basis for any lump-sum payment.

(d) As used in this title, the term "*United States*" means the several States of the United States of America and the District of Columbia.

ANNUAL LEAVE

SEC. 203. (a) Officers and employees to whom this title applies shall be entitled to annual leave with pay which shall accrue as follows—

(1) one-half day for each full biweekly pay period in the case of officers and employees with less than three years of service,

(2) three-fourths day for each full biweekly pay period (except

that the accrual for the last full biweekly pay period in the year shall be one and one-fourth days) in the case of officers and employees with three but less than fifteen years of service, and (3) one day for each full biweekly pay period in the case of officers and employees with fifteen years or more of service.

In determining years of service for the purposes of this subsection, there shall be included all service creditable under the provisions of section 5 of the Civil Service Retirement Act of May 29, 1930, as amended, for the purposes of an annuity under such Act and the determination of the period of service rendered may be made upon the basis of an affidavit of the employee. In the case of an officer or employee who is not paid on the basis of biweekly pay periods, the leave provided by this title shall accrue on the same basis as it would accrue if such officer or employee were paid on the basis of biweekly pay periods.

(b) Any change in the rate of accrual of annual leave by an officer or employee under the provisions of this section shall take effect as of the beginning of the pay period following the pay period, or corresponding period in the case of an officer or employee who is not paid on the basis of biweekly pay periods, in which such officer or employee completes the prescribed period of service.

(c) The annual leave provided for in this section, which is not used by an officer or employee, shall accumulate for use in succeeding years until it totals not to exceed thirty days at the beginning of the first complete biweekly pay period, or corresponding period in the case of an officer or employee who is not paid on the basis of biweekly pay periods, occurring in any year.

(d) Notwithstanding the provisions of subsection (c), a maximum accumulation not to exceed forty-five days at the beginning of the first complete biweekly pay period, or corresponding pay period in the case of an officer or employee who is not paid on the basis of biweekly pay periods, in any year is authorized [to] for the following categories of employees of the Federal Government [other than officers and employees in the Foreign Service of the United States under the Department of State, stationed outside the several States and the District of Columbia:] *stationed outside the United States:*

[(1) Persons directly recruited or transferred from the United States by the Federal Government.

[(2) Persons employed locally but (A) who were originally recruited from the United States and have been in substantially continuous employment by other Federal agencies, United States firms, interests, or organizations, international organizations in which the United States Government participates, or foreign governments, and whose conditions of employment provide for their return transportation to the United States, or (B) who were at the time of employment temporarily absent from the United States for purposes of travel or formal study and maintained residence in the United States during such temporary absence.

[(3) Persons who are not normally residents of the area concerned and who are discharged from the military service of the United States to accept employment with an agency of the Federal Government.]

(1) *Persons directly recruited or transferred by the Federal Government (A) from the United States, or (B) from the Commonwealth of Puerto*

Rico or the possessions of the United States for employment outside the area of recruitment or from which transferred.

(2) Persons employed locally but (A)(i) who were originally recruited from the United States, or from the Commonwealth of Puerto Rico or the possessions of the United States but outside the area of employment, (ii) who have been in substantially continuous employment by other Federal agencies, United States firms, interests or organizations, international organizations in which the United States Government participates, or foreign governments, and (iii) whose conditions of employment provide for their return transportation to the United States or the Commonwealth of Puerto Rico or the possessions of the United States, or (B)(i) who were at the time of employment temporarily absent, for the purpose of travel or formal study, from the United States, or from their respective places of residence in the Commonwealth of Puerto Rico or the possessions of the United States and (ii) who, during such temporary absence, have maintained residence in the United States or in the Commonwealth of Puerto Rico or the possessions of the United States but outside the area of employment.

(3) Persons who are not normally residents of the area concerned and who are discharged from service in the Armed Forces of the United States to accept employment with an agency of the Federal Government.

[(e) Where an officer or employee to whom the provisions of subsection (d) are applicable, or who is in the Foreign Service of the United States under the Department of State, and whose post of duty is outside the several States and the District of Columbia returns to any such State or the District of Columbia on leave, the leave granted pursuant to this Act shall be exclusive of the time actually and necessarily occupied in going to and from his post of duty and such time as may be necessarily occupied in awaiting sailing or flight. The provisions of this subsection shall not apply with respect to more than one period of leave in any twenty-four month period.]

(e) The leave granted pursuant to this title shall be exclusive of the time actually and necessarily occupied in going to and from the post of duty and exclusive of such time as may be necessarily occupied in awaiting transportation, in the case of an officer or employee (1) who is within the purview of subsection (d) of this section, (2) whose post of duty is outside the United States, and (3) who returns on leave to the United States, or to his place of residence, which is outside the area of employment, in the Commonwealth of Puerto Rico or the possessions of the United States. The provisions of this subsection shall not apply to more than one period of leave in a prescribed tour of duty at a post outside the United States.

[(f) Officers and employees in the Foreign Service of the United States under the Department of State may be granted leave of absence, without regard to any other leave provided by this title, for use in the United States, its Territories or possessions, at a rate equivalent to one week for each four months of service outside the several States and the District of Columbia. Such leave may be accumulated for future use without regard to the limitation in subsection (c) but no such leave which is not used shall be made the basis for any terminal leave or lump-sum payment.]

(f) Upon completion of twenty-four months of continuous service outside the United States, officers and employees may be granted, in accordance with regulations of the President, leave of absence at a rate

not to exceed one week for each four months of such service without regard to any other leave provided by this title, for use in the United States, or, if their respective places of residence are outside the area of employment, in the Commonwealth of Puerto Rico or the possessions of the United States. Such leave so granted may be accumulated for future use without regard to the limitation in subsection (d) of this section but no such leave shall be made the basis for any terminal leave or for any lump-sum payment.

(g) Alien employees who occupy positions outside the [several States and the District of Columbia] United States may, in the discretion of the head of the department or agency concerned, be granted leave of absence with pay not in excess of the amount of annual and sick leave allowable under this title in the case of citizen employees.

(h) The annual leave provided for in this section, including such leave as will accrue to any officer or employee during the year, may be granted at any time during such year as the heads of the various departments and independent establishments may prescribe.

(i) Notwithstanding the provisions of subsection (a), an officer or employee shall be entitled to annual leave under this title only after having been employed currently for a continuous period of ninety days under one or more appointments without break in service. In any case in which an officer or employee completes a period of continuous employment of ninety days there shall be credited to him an amount of annual leave equal to the amount which, but for this subsection, would have accrued to him under subsection (a) during such period.

SECTIONS 2, 13, AND 14 OF THE ACT OF AUGUST 1, 1956

SEC. 2. The Secretary of State, when funds are appropriated therefor, may—

(a) provide for printing and binding outside the continental United States without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111);

[(b) pay the cost of transportation to and from a place of storage and the cost of storing the furniture and household and personal effects of an employee of the Foreign Service who is assigned to a post at which he is unable to use his furniture and effects, under such regulations as the Secretary may prescribe;]

(c) employ aliens, by contract, for services abroad;

(d) provide for official functions and courtesies;

(e) purchase uniforms; and

(f) pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad.

* * * * *

[SEC. 13. Allowances granted under section 901(1) of the Foreign Service Act of 1946 (22 U.S.C. 1131(1)), may include water, in addition to the utilities specified.

[SEC. 14. Appropriations now or hereafter made available for allowances granted under the authority in part A of title IX of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131), including an allowance for water as authorized in section 13 of this Act shall be available for the payment of such allowances in advance.]

ACT OF JUNE 26, 1930

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That under such regulations as the heads of the respective departments concerned may prescribe and the President approve, civilian officers and employees of the Government having permanent station in a foreign country may be furnished, without cost to them, living quarters, including heat, fuel, and light, in Government-owned or rented buildings [and, where such quarters are not available, may be granted an allowance for living quarters, including heat, fuel, and light, notwithstanding the provisions of section 1765 of the Revised Statutes (U.S.C., title 5, sec. 70)]: *Provided*, That said rented quarters [or allowances in lieu thereof] may be furnished only within the limits of such appropriations as may be made therefor, which appropriations are hereby authorized: *Provided further*, That the provisions of this Act shall apply only to those civilian officers and employees who are citizens of the United States.

SECTION 912 OF THE INTERNAL REVENUE CODE OF 1954

[SEC. 912. EXEMPTION FOR CERTAIN ALLOWANCES.]

[The following items shall not be included in gross income, and shall be exempt from taxation under this subtitle:

[(1) **COST-OF-LIVING ALLOWANCES.**—In the case of civilian officers or employees of the Government of the United States stationed outside continental United States, amounts received as cost-of-living allowances in accordance with regulations approved by the President.

[(2) **FOREIGN SERVICE ALLOWANCES.**—In the case of an officer or employee of the Foreign Service of the United States, amounts received by such officer or employee as allowances or otherwise under the terms of title IX of the Foreign Service Act of 1946 (22 U.S.C. 1131–1158).]

SEC. 912. EXEMPTIONS FOR CERTAIN ALLOWANCES.

The following items shall not be included in gross income, and shall be exempt from taxation under this subtitle:

(1) *Foreign areas allowances.*—*In the case of civilian officers and employees of the Government of the United States, amounts received as allowances or otherwise (but not amounts received as post differentials) under—*

(A) *title IX of the Foreign Service Act of 1946, as amended (22 U.S.C., sec. 1131 and following),*

(B) *section 4 of the Central Intelligence Agency Act of 1949, as amended (50 U.S.C., sec. 403e),*

(C) *title II of the Overseas Differentials and Allowances Act, or*

(D) *subsection (e), or (f) of the first section of the Administrative Expenses Act of 1946, as amended, or section 22 of such Act.*

